

Message Text

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PAGE 01 BONN 13607 251807Z
ACTION EUR-08

INFO OCT-01 ISO-00 SS-14 INR-05 INRE-00 PM-03 EB-04
SSO-00 SP-02 /037 W
-----050984 251825Z /46
O 251757Z JUL 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 0586

C O N F I D E N T I A L BONN 13607

STADIS////////////////////
LIMDIS
E.O. 11652:GDS
TAGS: ETEL, MARR, GW
SUBJECT: US DEFENSE DEPT TO EXPLORE PURCHASING ALL
GERMAN EQUIPMENT FOR ETS

REF: (A) BONN 11635 (B) BONN 11474 (C) BONN 10670

1. COL. MULLALLY OF ASST. SECRETARY PIERRE'S OFFICE,
COL. BEARD OF SECARMY STAFF AND FIVE EUCOM MEMBERS ARE
NOW IN BONN FOR JULY 26-27 MEETINGS WITH BUNDESPOST-
MINISTERIUM (BPM-POSTAL MINISTRY) ON EUROPEAN TELEPHONE
SYSTEM (ETS). EMBASSY WILL BE REPRESENTED IN THE TALKS.
MEETINGS ARE FOLLOW-UP TO LA BERGE/ELIAS MEETING AND
SUBSEQUENT COMMUNICATIONS, IN WHICH ELIAS REQUESTED COST
BREAKDOWNS OF US FIGURES IN ORDER TO COMPARE THEM WITH
GERMAN QUOTATIONS.

2. AS EMBASSY UNDERSTOOD IT, ORIGINAL PURPOSE OF THE
TALKS WAS TO ANSWER ELIAS REQUEST AND PROVIDE COST
BREAKDOWN OF US FIGURES, BASED ON LA BERGE JUNE OFFER OF
70 PERCENT/30 PERCENT PROCUREMENT SPLIT. MULLALLY TOLD
EMBOFF TODAY (7/25) HOWEVER THAT 70/30 SPLIT WAS BASED
ON FAULTY DATA AND THAT SPLIT, BY VALUE, WOULD BE MORE
LIKE 90 PERCENT TO THE FRG AND 10 PERCENT U.S. MULLALLY
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SAID THAT LA BERGE AND PIERRE FELT CONGRESS WOULD REJECT
THIS SPLIT AS "TOKENISM".

3. IN LIGHT OF ABOVE, MULLALLY HAS BEEN INSTRUCTED TO
TELL FRG IN MEETINGS THAT US WILLING TO CONSIDER PUR-
CHASING ALL GERMAN ETS EQUIPMENT, IF FRG PRICES ARE
REASONABLY CLOSE TO US FIGURES. (FYI: MULLALLY TOLD

EMBOFF THIS GERMAN FIGURE COULD BE AS MUCH AS ONE-AND-A-HALF TIMES THE US FIGURE AND STILL BE ACCEPTABLE). MULLALLY EXPLAINED THAT HIS PRINCIPALS BELIEVE THAT IF GERMAN PRICES CAN BE HONED DOWN TO COMPARABLE LEVELS, DEFENSE CAN CONVINCE CONGRESS, FOR VARIOUS REASONS, TO ACCEPT PROCUREMENT OF GERMAN EQUIPMENT.

4. MULLALLY WILL NOT EMPHASIZE US WILLINGNESS TO PURCHASE ALL-GERMAN TO BPM NOR EXPLAIN US CALCULATIONS BEHIND DECISION. US SIDE WILL PRESENT COST DATA BREAKDOWN, INVITE THE BPM TO GIVE US EVENTUALLY GERMAN COMPARATIVE FIGURES, AND NOTE THAT US IS WILLING TO EXPLORE THE POSSIBILITY OF ALL-GERMAN PURCHASES IF THE FIGURES ARE COMPARABLE.

5. ACTION REQUESTED: EMBASSY WOULD APPRECIATE DEPARTMENT COMMENTS BY COB JULY 26: ATT: GALLAGHER/TRC

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY SALES, TELEPHONES, MILITARY COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 jul 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN13607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780305-0183
Format: TEL
From: BONN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780720/aaaaardc.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f302e76c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS, STADIS
Reference: 78 BONN 11635, 78 BONN 11474, 78 BONN 10670
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1888338
Secure: OPEN
Status: NATIVE
Subject: US DEFENSE DEPT TO EXPLORE PURCHASING ALL GERMAN EQUIPMENT FOR ETS
TAGS: ETEL, MARR, GE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f302e76c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014